



Department
for Environment
Food & Rural Affairs



Foreign, Commonwealth
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Baroness Northover
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Dear Lindsay,

Thank you again for securing the House of Lords debate on Climate change: impact on developing nations on 11 January. I was grateful for the thoughtful and wide-ranging contributions from colleagues, and I am writing to address some of the points raised which I did not have time to respond to during the debate with the credit they deserved.

A number of Peers raised questions regarding the UK's **International Climate Finance (ICF)**. In 2019, the then Prime Minister announced that we would increase our ICF to £11.6bn between 2021/22 and 2025/26. We remain firmly committed to meeting this pledge. To this end, on 17 October 2023, the Government published a Written Ministerial Statement noting that over £3.2bn ICF had been spent across 2021/22 and 2022/23, as well as setting out a trajectory of spend for the remaining three years of the commitment, providing certainty and predictability for our developing country partners.

To deliver our ICF commitment we use a range of delivery channels, including bilateral programmes managed through our country offices, British International Investment and dedicated global climate funds such as the Green Climate Fund and the Global Environment Facility. Much of our ICF is integrated into wider development programmes, such as those seeking to support green economic growth, deliver improved and sustainable livelihoods and support resilient health systems.

All of our ICF is accounted for using internationally agreed OECD guidelines and is reported in line with our international obligations through the UNFCCC. In addition, we produce an annual ICF results publication, the latest edition of which showed that UK ICF has helped over 100 million people cope with the effects of climate change, provided almost 70 million people with improved access to clean energy, reduced or avoided over 86 million tonnes of greenhouse gas emissions, avoided over 413,000 hectares of deforestation and leveraged £7 billion of public and £6.9 billion of private finance for tackling climate change.

Lord Purvis and Baroness Blackstone raised the circumstances in which the Government would return to spending 0.7% of GNI on development aid. I can reconfirm that the Government is committed to returning the **Official Development Assistance (ODA)** budget to 0.7% of the UK's Gross National Income when two tests are met. The tests are that, on a sustainable basis, the government is no longer borrowing for day-to-day spending and underlying debt is falling. These fiscal tests were confirmed by MPs in summer 2021.

The UK remains one of the most generous aid donors globally, spending nearly £12.8 billion in aid in 2022. Recognising the unanticipated costs incurred to support the people of Ukraine and Afghanistan to find refuge in the UK, the government provided an additional £2.5 billion of ODA resources over 2022 and 2023. As set out in the White Paper on International Development, the UK will prioritise its ODA where it is most needed and most effective, including aiming to spend 50% of all bilateral ODA in the least developed countries.

Several colleagues asked about the new Fund for **Loss and Damage**, including on how to make it operational as soon as possible. I am delighted that the Fund was agreed at the start of COP28 and we look forward to working closely with our partners to operationalise it. The UK's initial pledge of up to £60m for Loss and Damage (£40m for the new Fund and up to £20m for wider funding arrangements for Loss and Damage), along with commitments made by others, will help it get established quickly. Given the scale of need, it is essential for the success of the Fund that it attracts new and wider sources of funding, including grants and concessional loans from public, private, and innovative sources. In particular, we want to help to ensure that the Fund targets its support to the most vulnerable and that it is effective and efficient. The UK looks forward to joining the Board of the Fund to contribute towards these aims.

I am grateful to Baroness Bennett for her question about whether it is true that everything funded in 2023 was 'nature positive'. We acknowledge that there is no internationally agreed definition of '**nature positive**' ODA. However, the International Development White Paper commits to champion global efforts to agree definitions, principles and reporting of 'nature positive' ODA with the OECD, MDBs and partner countries, and to deliver on our commitment to ensure UK ODA is nature positive in line with these. The FCDO Programme Operating Framework is clear that all programmes must assess climate and environmental impacts and risks, taking steps to ensure that no environmental damage is done.

Baroness Bennett also asked whether the Government would confirm that they are funding the **agro-ecological small-scale production** the world needs. I can confirm that UK ODA funding is focused on supporting smallholder farmers to improve their livelihoods including support for sustainable production and their access to markets. Indeed, over 15 UK-funded programmes in Africa and Asia aim to improve income and productivity of smallholder farmers through better access to markets, finance and sustainable practices.

Baroness Bennett also asked if the UK was using its influence to prevent funding of **factory farming**. I note that sustainable investments in livestock are key to preventing

malnutrition and reducing poverty. As a shareholder and partner to the International Finance Corporation (IFC), the UK works closely with the IFC to ensure that it complies with rigorous and internationally recognised standards. The IFC's assessments of its projects is aligned with EU requirements and standards, including on animal health protocols and the use of antibiotics in animal production. The IFC does not invest in clients that fail to achieve industry standard certification for animal welfare within 36 months. The UK will continue to monitor the implementation of these standards and engage with IFC Management on its approach to livestock production.

Lord Collins raised the importance of **climate-resilient food systems** and the UK's commitment at COP28 that £100m of UK funding will help climate-vulnerable populations adapt to climate change. I agree that the world is facing a protracted food security and nutrition crisis, driven by climate change, escalating conflicts, and economic disruptions, exacerbated by inflation, debt stress and the volatility of world food prices. Nearly 1 billion people experience severe levels of food insecurity, with women and girls disproportionately affected. Together with partners, the UK is addressing the deteriorating food security and malnutrition situation in East Africa and beyond, whilst also tackling the underlying root causes of food insecurity in affected countries elsewhere. The UK was one of the top 6 countries in 2022 to provide humanitarian funding to the World Food Programme (over \$400 million). Between 2016 and 2021, the UK spent £2.6 billion on longer-term food and agriculture programmes. In November 2023, the UK, with the UAE and Somalia, hosted the Global Food Security Summit in London, including to galvanize action to deal with hunger and malnutrition, including through cutting edge UK-funded science and technology.

Baroness Blackstone asked about **subsidies and tax breaks for oil and gas companies**. Based on the International Energy Agency approach, which defines fossil fuel subsidies as measures that reduce the effective price of fossil fuels below world market prices and is followed by the UK, the UK government does not give subsidies to domestic oil and gas production. The government's fiscal approach to oil and gas balances attracting investment with ensuring a fair return for the nation in exchange for the use of its resources. With the temporary Energy Profits Levy (EPL) in place, the headline tax rate for the sector is 75%, one of the highest rates globally. At the same time, the tax reliefs and allowances available for oil and gas investments ensure the UK continues to attract investment in an industry that is vital for our energy security.

Oil and gas still supply around three quarters of the UK's overall energy use today. While the UK still needs oil and gas, it makes sense to encourage investment in domestic resources and retain the economic benefits and support UK jobs. The investment allowances in the Energy Profits Levy encourage oil and gas companies to invest – supporting jobs, the economy and the UK's energy security. Abolishing the allowances would be counterproductive, as the UK is still reliant on oil and gas for our energy supply, and importing gas from other countries is more expensive and comes at a higher environmental cost. It would also lead to investors pulling out of the UK, damaging the economy, causing job losses and leading to future lower tax revenue. The UK is committed to meeting all our climate commitments, including net zero by 2050, carbon budgets and the UK's Nationally Determined Contribution. The UK has one of the most

ambitious decarbonisation targets in the world, and we were the first major economy to halve its emissions, which we achieved while growing our economy by over 70% since 1990.

In response to Lord Alton of Liverpool's invitation to meet to discuss his Private Member's Bill on **genocide and atrocity crimes**, I understand that my ministerial colleague Lord Ahmad of Wimbledon met with him and discussed this issue on 17th January.

In response to the Lord Bishop of Leicester, I agree that **building partnerships based on mutual respect** means responding with humility and acknowledging our past.

Viscount Chandos asked whether FCDO will "incorporate the promotion of **sustainable media** as a priority" into its development policy. The UK Government recognises the vital importance of media in international development. The White Paper commits the UK to support resilient, free, open and trustworthy independent media as a bulwark against disinformation, launching a new global programme on this in 2024. In the last five years, the UK has provided over £500million in ODA to media and free flow of information. This includes our support for the BBC World Service, a powerful voice in independent and impartial broadcasting across the world which is operationally independent of the UK Government. It also includes support for media working in terrible conditions in Ukraine, providing them with protective gear and medical equipment to help them work as safely as possible.

Thank you again for securing this important debate and for your years of dedication to international development. I am copying this letter to all Peers who spoke in the debate, and I am placing a copy of this letter in the House of Lords library.

Yours sincerely



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